

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: KARL KLEIN
DEPUTY ATTORNEY GENERAL**

DATE: JANUARY 22, 2016

**SUBJECT: ROCKY MOUNTAIN POWER'S APPLICATION FOR APPROVAL OF
THE 2017 INTER-JURISDICTIONAL COST ALLOCATION
PROTOCOL, CASE NO. PAC-E-15-16**

On December 31, 2016, PacifiCorp dba Rocky Mountain Power filed an Application requesting Commission approval of the Company's 2017 Inter-Jurisdictional Cost Allocation Protocol. The Company asks the Commission to issue an Order by July 1, 2016.

If approved, the 2017 Protocol would replace the 2010 Protocol that was approved by the Idaho, Oregon, Utah, and Wyoming Commissions. *See* Order No. 32346, Case No. PAC-E-10-09. The 2010 Protocol was designed to: (1) equitably allocate PacifiCorp's costs among its jurisdictions it serves (Idaho, Oregon, and Utah through its Rocky Mountain Power division; California, Oregon, and Washington through its Pacific Power division); (2) ensure PacifiCorp plans and operates its generation and transmission system on a six-state integrated basis to achieve a least cost-least risk resource portfolio for customers; (3) allow each state to independently establish its ratemaking policies; and (4) provide PacifiCorp with the opportunity to recover its prudently incurred costs. The 2010 Protocol will expire at the end of 2016.

The 2017 Protocol was negotiated and agreed to by representatives of PacifiCorp, the staffs of the Idaho, Oregon, Utah, and Wyoming Commissions, and other interested stakeholders.¹ The parties developed the 2017 Protocol to provide PacifiCorp, state

¹ Washington and California did not sign the 2017 Protocol. The Company explains that Washington participated in early discussions, but did not sign the 2017 Protocol because the Washington Utilities and Transportation Commission has adopted a different allocation methodology for general rate case proceedings. California did not participate in discussions about the 2017 Protocol, but California nevertheless implements the multi-jurisdictional allocation methodology in general rate case proceedings.

commissions, and other interested stakeholders with an allocation methodology to be used on a shorter term basis—for rate proceedings filed from January 1, 2017 through December 31, 2018, with a potential one-year extension after that—while they attempt to understand how the Environmental Protection Agency’s Clean Power Plan rules will impact PacifiCorp and the states it serves. While the 2017 Protocol is in effect, PacifiCorp will continue to analyze alternative allocation methods and will present the results of its analyses to the standing group of interested stakeholders that collaborated in developing the 2017 Protocol, and will discuss them at commissioner forums.

STAFF RECOMMENDATION

Staff recommends that the Commission issue a Notice of Application and set a 14-day deadline for interested persons to intervene as parties to the case. After the intervention deadline runs, another Order can be issued setting further procedure as necessary.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application and set a 14-day deadline for interested persons to intervene as parties to the case?

/s/ Karl T. Klein
Karl T. Klein
Deputy Attorney General

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